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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 000560

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TAGS: [PREL](#) [PARM](#) [ENRG](#) [PTER](#) [MNUC](#) [IR](#) [CH](#)
SUBJECT: PRC/IRAN: CHINA SEEKS CLARITY ON U.S. IRAN POLICY,
OFFERS HELP IN TALKING TO IRAN

Classified By: Political Minister Counselor Aubrey Carlson.
Reasons 1.4 (b/d).

¶1. (C) SUMMARY: China is keen to understand the direction of U.S. policy toward the Islamic Republic of Iran (IRI) and is willing to facilitate dialogue between the two sides, according to an MFA official. China remains committed to the P5-plus-1 process but values its bilateral engagement with Iran. Nonetheless, the Iran should not take for granted its economic relations with the PRC. Despite PRC urging that Iran respond positively to American overtures, initial rounds of direct talks with the Iranians on the nuclear issue would be difficult, the official suggested. The official said that it is too soon to contemplate what actions should be taken should Iran develop a nuclear weapon. An academic contact suggested that there is no "point of no return" on Iran's development of nuclear technology and that the Iranians believe they are in a strong bargaining position should some form of new diplomatic engagement emerge. END SUMMARY.

¶2. (C) PolOff discussed Iran-China relations and the international community's efforts to deal with the Iran nuclear issue with Deputy Director Xu Wei of MFA's West Asian Affairs Department Iran Division March 3. PolOff also met with Li Guofu, Director of the Center for Middle East Studies at the MFA-affiliated China Institute for International Studies (CIIS) February 27.

China Seeks Clarity on Policy Review

¶3. (C) MFA's Xu Wei told PolOff that China was closely following the ongoing review of our Iran policy. He said that China believed that the United States maintains a leadership role in the Middle East and that the results of the review will have an impact on Chinese engagement with the region. He said that Beijing hoped for more clarity from the United States on policy adjustments resulting from this review, adding that China had been left to guess at how U.S. policy might change on a very important set of shared concerns. In the meantime, Xu stressed, China's overall policy toward Iran had not changed, and China would continue to emphasize the importance of stability in the Middle East and its opposition to the development of nuclear weapons in the region. Xu noted that additional clarity was especially important because China perceives several voices in the USG with different viewpoints on Iran speaking publicly on the issue.

PRC Committed to P5-plus-1, Willing to Facilitate Talks

¶4. (C) Xu stressed the need to resolve the nuclear impasse through dialogue, and added that China remained committed to the P5-plus-1 process, as indicated in its support for the recent P5-plus-1 joint statement on Iran. He said that China sincerely hoped that the outcome of our Iran policy review would be direct U.S.-Iran talks, and offered China's

assistance in creating a channel for communication with the
Iranians.

Official: PRC Effective at Communicating with Tehran

15. (C) China and Iran continued to enjoy "good" relations in both the political and economic realms, Xu said, but this did not indicate that China supports all of Tehran's policies. He said that China had developed strong communication with the Iranian regime and used these channels to express to the Iranian leadership the concerns of the P5-plus-1 and the Gulf Cooperation Council over nuclear proliferation. Beijing sought to persuade Iran to play a positive role in the region, and Chinese communication with Tehran to that end was effective, Xu said, adding that Iran's cooperation with the IAEA and the P5-plus-1, though limited, was due in part to Chinese intervention. China had made clear to Iran that PRC-Iran economic cooperation should not be interpreted as an indication that China is not serious about concerns over nuclear proliferation or about working with the international community to deal with the nuclear issue.

Talking to Iran Would Require Patience

16. (C) Xu said that the U.S. policy review had generated debate within Iran over how to respond, especially over the possibility of direct dialogue. China was urging the Iranian regime to respond positively to American overtures, but Xu said that based on his experience working on Iranian issues, he believed the leadership will find it difficult to show a

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positive attitude in public. Xu counseled patience, saying that he was concerned that expectations in the United States on how Iran would respond may be too high. Still, he said that the issues involved were too important for the United States to fail to press forward with dialogue even if any such discussions are difficult.

"Too Soon" to Contemplate Weaponization Concerns

17. (C) Pressed on how China would respond if Iran developed nuclear weapons, Xu said that China took proliferation concerns seriously and opposed such a development. However, he indicated that China did not yet see Iranian development of nuclear weapons as an immediate concern, noting that China was willing to "wait and see how far Iran can go" in developing nuclear technology before it would change its position. He added that it was still too soon to contemplate what actions should be taken should the Iranians develop a nuclear weapon.

18. (C) CIIS's Li Guofu echoed this approach, saying that while China followed the Iranian nuclear program closely, China was not 100-percent convinced that Iran is pursuing nuclear weapons. He indicated that observers who believe there is a "point of no return" in Iran's technical development of nuclear weapons were incorrect, because the problem was fundamentally a political one and not technical. He said that Iran was moving ahead with its nuclear program without a clear internal position on whether it would want to weaponize the technology, but added that Iran hoped to bring the technology to the point where it could produce a nuclear weapon in a short period of time. He stressed, however, that in his view, a complicated series of steps remained between the current level of technology and the point of weaponization, including the necessity for a nuclear test. Such a test, he indicated, would have a profound effect on the political questions facing the international community.

U.S. Needs to Offer "Something Real"

¶9. (C) Li said that direct U.S. engagement with Iran would be complicated by the reality that there is little the United States can offer at present that would persuade Tehran to change its behavior. As the regime's confidence in its own domestic legitimacy has grown, the value to the regime of normalized relations with the United States has decreased. Similarly, security guarantees would mean little to an Iranian Government convinced that it can already ensure its own security. Li stressed that the U.S. side would need to be prepared to make concessions in any engagement, and would need to offer "something real." Li suggested starting with demonstrating a position of "mutual respect."

Iran Remains Suspicious of U.S. Intentions

¶10. (C) Based on his conversations with Iranian policy-makers, Li said, Iran remained suspicious of U.S. intentions. He suggested that dialogue with Iran should have a "symbolic" beginning to avoid a false start. He said that the two sides should first agree on principles not directly related to the nuclear issue. He suggested that if the Iranians show a willingness to suspend uranium enrichment, the United States should be prepared to follow up immediately with new cooperation. He stressed that the Iranian leadership regarded itself an important player on the regional issues that concern the United States, especially efforts to stabilize Iraq and Afghanistan.

IRI Official: Nuclear Weapon Would Be "Disastrous"

¶11. (C) Li reported that he was told by a Deputy Foreign Minister in Tehran that Iran considers itself a regional power, but understands that if Iran were to develop a nuclear weapon, the United States would likely deploy nuclear weapons to the Persian Gulf region, which would be "strategically disastrous" for Iran. He said that the official had told him Iran wants to develop "nuclear capability" as a symbol of its status as a regional power. The official told Li that Iran was nevertheless willing to open a dialogue with the United States.

Other Challenges to Opening a Dialogue

¶12. (C) Li said that the atmosphere had improved for developing new engagement with Iran, but obstacles remained.

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The regime in Tehran continued to see opportunities for changing Iran's engagement with the world under the new U.S. administration, and there was debate in Iran on how best to respond. Serious debate among the Iranian people on the need for a nuclear program had yet to take place, Li stressed, although the notion of weaponizing the results of the nuclear program continued to generate debate among the Iranian leadership. Li stressed that the Iranian leadership continued to dismiss the notion of U.S. military action in response to its ongoing nuclear development and was convinced that suspension of uranium enrichment is not necessary for starting a "new process" with the United States.

Election Politics also a Factor

¶13. (C) Li said that this year's presidential election in Iran would be an important factor in the chances for meaningful talks with the United States. Noting that the candidacy of former President Khatami posed the first real challenge of the campaign to incumbent President Ahmadinejad, Li stressed that Khatami would not have been able to announce his candidacy without explicit approval from Supreme Leader Ayatollah Khamenei. Unlike previous elections, other reformist candidates had since dropped out of the campaign, Li said, improving Khatami's chances. Still, the hard-liners

had acted to overcome their internal divisions in light of the Khatami candidacy, and Ahmadinejad remained "likely" to be re-elected. Li argued that the top-level blessing of the Khatami candidacy indicated that the Supreme Leader deems Khatami reliable enough and would not expect bold reforms even if Khatami were elected. In the meantime, Li suggested, Ahmadinejad might feel the need to demonstrate his hard-line credentials in the run-up to the June election.

PRC to Iran: Don't Take Economic Cooperation for Granted

¶14. (C) Li said that China continued to value development of its economic ties with Iran in order to maintain economic growth. He noted that Chinese officials told their Iranian counterparts that they are frustrated with the lack of progress on the nuclear issue, progress which would create a foundation for new investment in the energy sector. According to Li, to prod the Iranians to show progress on the nuclear issue, the Chinese had warned them not to take China's economic interests in Iran for granted. Furthermore, China's dependence on Iranian energy is decreasing given recent improvements in Sino-Saudi relations (as evidenced by President Hu's recent travel there) and their potential to bring about increased Chinese access to Saudi energy supplies.

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